

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 313 - HB 1761**

April 1, 2009

**SUMMARY OF BILL:** Creates the "Tennessee Small Business Employee Health Fund" to provide grants to eligible small business employers to reimburse moneys spent by the employers to provide health care coverage to employees and employees' dependents.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$23,600/One-Time  
\$1,279,100/Recurring**

**Assumptions:**

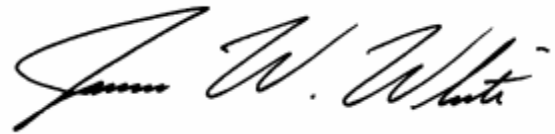
- The Department of Commerce and Insurance would be responsible for establishing grant criteria and administering the grant program.
- The Department of Commerce and Insurance estimates there are approximately 100,000 small employers in the state based on information from the Departments of Finance and Administration and Labor and Workforce Development. It is estimated that approximately 25 percent, or 25,000, businesses would apply for the grant.
- The Department will need a grants project manager and three grants analysts to review grant applications, assist businesses in the application process, and other duties required to administer the program.
- These positions will result in an increase in recurring expenditures of \$279,058 which includes salaries (\$161,760), benefits (\$54,998), administrative costs (\$44,800), communications and networking (\$5,900), office leases (\$9,200), and supplies (\$2,400). There will be an increase in one-time expenditures of \$13,600 which includes computers (\$3,700), printers (\$1,900), and office set-up (\$8,000).
- The Department estimates one-time expenditures of \$10,000 to set-up an online application process.
- The proposed legislation requires the newly created fund to be funded through appropriations and other funds. The legislation also establishes that grants are limited to the lesser of \$500 or the employer's costs for each enrollee during the tax year. No more than

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\$1,000,000 can be expended from the fund per year. It is estimated that \$1,000,000 will need to be appropriated per year to provide the grants.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/kml